

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Market Dominant Product Prices
Standard Mail
PHI Acquisitions, Inc.

Docket No. MC2014-21

Market Dominant Product Prices
PHI Acquisitions, Inc. (MC2014-21)
Negotiated Service Agreement

Docket No. R2014-6

CHAIRMAN'S INFORMATION REQUEST NO. 4

(Issued April 29, 2014)

To clarify the basis of the Postal Service's request to add a PHI Acquisitions, Inc. negotiated service agreement (NSA) to the market dominant product list,¹ the Postal Service is asked to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than May 2, 2014.

1. Please refer to ExigencyAdj_CHIR3Q3.xls. Workbook tab "Exigent Impact Calculation" Cell B53 contains PHI eligible volume for the period FY 2013 Quarter 2 to FY 2014 Quarter 1. The PHI eligible volume for FY 2014 Quarter 1 can be calculated by subtracting the PHI eligible volume for FY 2013 Quarter 2, Quarter 3, and Quarter 4, located in workbook tab "Summary of Steps" Cells C19 through C21, from the total PHI eligible volume located in workbook tab "Exigent Impact Calculation" Cell B53.

¹ Notice of the United States Postal Service of Filing of Contract and Supporting Data and Request to Add PHI Acquisitions, Inc. Negotiated Service Agreement to the Market-Dominant Product List, March 5, 2014 (Notice).

- a. Please confirm that the PHI eligible volume for FY 2014 Quarter 1 is 71 million. If not confirmed, please explain.
 - b. Please confirm that the PHI eligible volume for FY 2014 Quarter 1 represents a 33 percent increase compared with FY 2013 Quarter 1. If not confirmed, please explain.
 - c. Please confirm that a similar increase in PHI eligible volume for the remaining three quarters of FY 2014 would result in a volume that far exceeds both the before rates and the after rates volume projections for Year 1 of the NSA. If not confirmed, please explain.
 - d. Please refer to PHI_NSA_Financials FINAL_Exigent.xls, workbook tab “1_Inputs” Cell G174. Please confirm that the Postal Service projected volume for FY 2014 represents a volume decrease from FY 2013. If not confirmed, please explain.
 - e. Please confirm that PHI would have to significantly reduce its volume in the last three quarters of FY 2014 in order for FY 2014 PHI eligible volume to match the Postal Service’s volume projection for PHI eligible volume in FY 2014. If not confirmed, please explain.
 - f. Please explain the cause or causes of the 33 percent increase in FY 2014 Quarter 1 volume over FY 2013 Quarter 1, and discuss whether this deviation from previous quarterly volume trends necessitates a revision of the Postal Service’s volume forecast. Please provide a revised volume forecast if necessary.
2. Order No. 1926 allows the Postal Service to collect a surcharge to recover \$2.776 billion in additional contribution. The recovery period was estimated by the Commission to be less than 2 years. Order No. 1926 at 184. Please assume that the surcharge will be removed from the applicable rates after Year 2 of the NSA. Please provide revised workpapers demonstrating the effect of the

expiration of the surcharge on forecasted PHI eligible volumes and the financial impact of the NSA.

3. Please provide quarterly billing determinant data for PHI from FY 2013 Quarter 1 through FY 2014 Quarter 2.

By the Chairman.

Ruth Y. Goldway